

Press Release

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Four jailed for bribery and fraud over Kwong Hing shares

Four persons, including a former executive director of public listed Kwong Hing International Holdings (Bermuda) Limited (Kwong Hing), were today (Saturday) jailed by a District Court judge for their respective roles in a bribery scam in relation to the purchase of Kwong Hing shares and the publication of a research report of the listed company.

Li Man-tak, 37, former executive director of Kwong Hing, was sentenced to three years' imprisonment.

Three other co-defendants - Nicholas Tan Chye-seng, 31, former executive director of UBS AG (UBS); Louis Lin Chak-pui, 35, former director of SBI E2-Capital China Holdings Limited (SBI E2); and Adrian Foo Tiang-hock, 34, former fund manager of ING Investment Management Asia Pacific (HK) Limited (ING), were each jailed for two years.

The court also ordered to forfeit bribe monies in the sums of \$591,000, \$1.2 million and \$800,000, respectively received by Lin, Foo and Tan.

In sentencing, Judge Sweeney said this case, involving insider dealings, was difficult to detect, and that the court had to impose deterrent sentences in order to maintain a level playing field in the financial market.

Li and Tan were earlier found guilty on one count of conspiracy to offer advantages to an agent, while Li was further convicted of a similar offence.

Lin and Foo had pleaded guilty to one joint charge of conspiracy to offer advantages to an agent. Lin also pleaded guilty to a similar offence, while Foo admitted one count of accepting an advantage as an agent.

The court heard that in July 2003, Li came to know Foo, at the time a fund manager of ING, through Lin and Vincent Yum, who were then respectively a director and a senior vice president of SBI E2.

They agreed that Foo would use ING's fund to take up 15 million shares of Kwong Hing.

In return, Li would offer an advantage equivalent to the difference between the market price and \$0.92 per share for 3.8 million shares of Kwong Hing, which was to be shared by Lin, Foo and Yum.

It was also agreed that Foo would use ING's fund to buy an additional 3.8 million shares of Kwong Hing, which Li would realize for paying the advantage.

Between August and December 2003, Li, on three separate occasions, paid Yum a total of about \$1.8 million, the court heard.

On February 25, 2004, Li, in the presence of Lin, gave Yum another \$594,500, being the balance of the advantage, outside a parking complex in Central.

After the trio was arrested by ICAC officers, the \$594,500 bribe payment was recovered from Yum. A piece of paper recording the total bribe payments amounting to about \$2.39 million was also seized from Lin.

The court also heard that in September 2003, Li, having acquainted with Tan through Yum, asked Tan to write a favourable research report on the shares of Kwong Hing.

Li promised to pay an advantage, equivalent to the difference between the market price and \$1.38 per share for 10 million shares of Kwong Hing. The advantage was to be shared by Lin, Foo, Tan and Yum.

Through Yum, Li subsequently paid Tan \$1 million as an advance payment.

On February 12, 2004, Tan caused UBS to publish a favourable report in relation to Kwong Hing shares.

The prosecution was today represented by David Fitzpatrick, counsel on fiat, and assisted by ICAC officer Aman Chee.